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SUBJECT: MONTENEGRO'S PM EXITS THE CENTER STAGE

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¶1. (U) Summary: President Vujanovic announced October 3 that Milo Djukanovic has declined to accept a mandate to continue as Prime Minister. The announcement ends Djukanovic's 16 years at the center of the Montenegrin stage, as either Prime Minister or President. Djukanovic will remain as the head of the ruling Democratic Party of Socialists (DPS). The opposition Serbian People's Party (SNS) observed that "even if Milo was in Alaska, he would still be the most powerful political force in Montenegro." Media speculates that the DPS Main Board, which will meet on October 4 and October 5, is likely to name current Finance Minister Igor Luksic to become PM; other candidates are possible. Luksic is a young, highly educated "technocrat" without a strong party position, and no hint of scandal. End summary.

Buzz to Announcement

¶2. (U) The departure of PM Milo Djukanovic from the central positions of the Montenegrin government has long been discussed, suggested and even urged by many, demanded by the opposition, and occasionally hinted at by Djukanovic himself. Under Djukanovic's leadership his party, the Democratic Party of Socialists (DPS), enjoyed marked success this year in leading Montenegro to independence in May and then in holding on to a clear Parliamentary majority in September. Surprisingly, the ruling coalition was not ready with a cabinet after the September 10 results were official shortly after the vote -- the first faint hint that Djukanovic might be stepping down. President Vujanovic's very brief announcement midday on October 3, that Djukanovic would not continue as Prime Minister, still caught many in Montenegro by surprise, as the DPS had been keeping the substance of the discussions of the DPS senior leadership very quiet.

New Prime Minister

¶3. (U) Local media has recently begun to speculate that Igor Luksic, Finance Minister since early 2004, may get the nod as next Prime Minister. Luksic has declined comment until after a decision is made public. However, other names are still in play, including Justice Minister Sturanovic and Deputy PM Gvozdenovic. Former Serbia and Montenegro State Union President Svetozar Marovic has

confirmed that he will not be Prime Minister, nor will he take a seat in the Parliament. The DPS Main Board is expected to announce the name of the new Prime Minister after either its October 4 or October 5 meeting. Coincidentally, October 5 marks nine years to the date after Djukanovic won his first election after breaking with Slobodan Milosevic.

#### Biographic Note on Luksic

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¶4. (U) Igor Luksic was born in 1976 in Bar, Montenegro, and was awarded a PhD in economics in September 2005. After serving as Deputy Foreign Minister for SaM in 2003, he became Finance Minister in early 2004, the position he currently holds. He speaks English fluently. While a loyal party member of the DPS, his less a politician and more a "technocrat," interested in the smooth and effective functioning of his ministry. Unlike Djukanovic, a lightning rod for opposition attacks and tainted by hints and rumors of scandal, Luksic has generally good relations with the opposition and a clean reputation, although he was criticized for the late release of campaign funds to the parties for the parliament campaign this year.

#### Party Reactions

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¶5. (U) DPS's coalition partner, the Social Democratic Party (SDP), has supported Djukanovic's decision to withdraw, adding that it should not be "over dramatized." Ferhat Dinosa, of the Democratic Party of Albanians (DUA) said ethnic minorities shall lose their significant protector, and that if Djukanovic and vice-president of DPS Svetozar Marovic were not in state positions, democratic processes in Montenegro and its integration into European structures would suffer. (Comment: This

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reflects Dinosa's close relationship with Djukanovic and the DPS, and would not be the unanimous view of the Albanian community. End comment.) The opposition Movement for Changes (PzP), Liberal Party, and Democratic Serbian Party (DSS) welcomed Djukanovic's decision, PzP saying it would reduce political tensions, DSS calling it a sign that the "last totalitarian regime in Europe" was ended. The opposition People's Party (NS) saw the decision as resulting from "pressure from the international community," adding its view that Djukanovic will want to come back as President. The Serbian People's Party (SNS) observed that "even if Milo was in Alaska, he would still be the most powerful political force in Montenegro."

#### Regional Reactions

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¶6. (U) Prime Minister Adnan Terzic of Bosnia and Herzegovina stated that he was sorry that Djukanovic was stepping down, as Djukanovic contributed to the stabilization of the region during the last couple of years. He believes that it will not have any implications on the politics in the region, for he knows that Djukanovic is still the strongest political figure in Montenegro. "He, as an experienced politician, knows that he has to leave when he is at his best", stated Terzic. Albanian PM Sali Berisa stated that Djukanovic was a brave politician who was a friend of the western countries in the most difficult days, who dared to oppose Slobodan Milosevic, and restored Montenegrin independence. Leader of the Hungarian Liberals in the COE Parliamentary Assembly, Mathias Ershi, stated that "nobody is irreplaceable in democracy, which always has an alternative".

17. (SBU) It has long been rumored that Djukanovic remained so long in office at least in part to shield himself from prosecution. In the 1990s, during UN sanctions and afterwards, the GoM allegedly benefited financially from cigarette smuggling into Italy. Allegations that Djukanovic was directly involved in the operations have hung over him like a grey cloud, and led to his being named in the Italian courts as a potential witness (but never indicted). The Italian P.O. told P.O. October 2 that the remaining, long-pending case is being pursued by a dogged and independent prosecutor in Bari, who has no support from the GOI for his efforts. As to Djukanovic's involvement, the Italian P.O. said the "evidence" was taped phone calls, supposedly of PM Djukanovic talking to someone in Italy about cigarettes - enough to besmirch a reputation, but probably not enough to support a criminal case.

Comment  
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18. (SBU) Djukanovic's departure marks the end of an era, for Montenegro and for the former Yugoslavia. Clearly committed to economic reform, Djukanovic has never completely escaped his roots in the Communist Party, or his start as an ally of Milosevic, despite the absolute break with Milosevic in 1997.

19. (SBU) The view that Djukanovic will remain the central political force in Montenegro, despite leaving government office, is widely held. Some note that he will remain as head of the ruling party, in a state where that formerly was the key political position. Others stress his political influence and undeniable charisma. Post however believes that while the next Prime Minister may listen, even closely, to Djukanovic, especially in the first few months, no successor will be content with the role of a puppet. Moreover, in independent Montenegro, the international community will pay attention to the holders of government -- not party -- office, enhancing the power of the new Prime Minister. It should be noted that the Prime Minister plays the lead role in advancing reform. Additionally, post sees the possibility of an expanded role for President Vujanovic, who has been content to stay in Djukanovic's shadow, but may assert his position's prerogatives more strongly with him gone. End comment.

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